

We claim:

1. A method of automatically activating an electronic payment transaction by accepting a paper coupon and a payment device at an automated teller machine comprising the steps of:

receiving a paper coupon that activates an automatic recognition system, wherein the automatic recognition system extracts a vendor identification, an account identification and an account balance from the paper coupon;

saving the vendor identification, the account identification and the account balance as a record in a database;

receiving an electronic payment device that automatically activates a payment reader;

receiving a payment amount from a user;

accessing a financial transaction network to issue a debit in the payment amount against an account associated with the electronic payment device;

receiving an authorization through the financial

transaction network authorizing the debit in the payment amount against the account associated with the electronic payment device; and

accessing the financial transaction network to issue a credit in the payment amount to an account associated with the vendor identification.

2. The method of claim 1, wherein the step of receiving a paper coupon further comprises generating an electronic image of the paper coupon and comparing the electronic image with a database of coupon data to determine the associated vendor identification.

3. The method of claim 1, wherein the step of saving the vendor identification, the account identification and the account balance as the record in the database further comprises saving the payment amount from the user;

4. The method of claim 3, further comprising the step of reconciling the record in the database against a database maintained by a service provider.

5. The method of claim 1, wherein the step of receiving an electronic payment device comprises receiving a debit card.

**PATENT**

6. The method of claim 1, wherein in the step of receiving the payment amount from the user, the account balance from the paper coupon is presented as a payment amount option.

7. The method of claim 1, wherein the step of accessing the financial transaction network to issue the debit and the step of accessing the financial transaction network to issue the credit in the payment amount are performed simultaneously.

8. A method of automatically activating an electronic payment transaction by accepting a paper coupon for payment and a paper currency as payment at an automated teller machine comprising the steps of:

receiving a paper coupon that activates an automatic coupon recognition system, wherein the automatic coupon recognition system extracts a vendor identification, an account identification and an account balance from the paper coupon;

receiving one or more paper bills that activates an automatic cash recognition system, wherein the automatic cash recognition system determines an amount of the paper bills and verifies their authenticity;

saving a record of the vendor identification, the account identification, the account balance and the amount of the paper bills; and

accessing a financial transaction network to issue a credit in an amount less than the amount of the paper bills to an account associated with the vendor identification.

9. The method of claim 8, wherein the step of receiving the paper coupon further comprises generating an electronic

representation of the paper coupon and comparing the electronic representation with a database of coupon data to determine the vendor identification.

10. The method of claim 8, further comprising the step of verifying the record of the vendor identification, the account information, the account balance and the amount of the paper bills with a remote database associated with a vendor at fixed temporal intervals.

11. The method of claim 8, further comprising the step of crediting an account associated with the account identification in an amount equal to the amount of the paper bills.

12. The method of claim 11, further comprising the step of crediting an automated teller machine service provider in an amount that does not exceed the difference between the credit to the account associated with the account identification and the credit to the account associated with the vendor identification.

13. A computerized transaction machine configured to receive paper coupons from a customer, accept payment from the customer and issue a credit to a vendor, comprising:

a scanner configured to receive a paper coupon from a customer and to generate an electronic representation of the same;

a magnetic card reader configured to receive a debit or credit card from the customer;

a touch-screen display configured to present payment options and transaction information to a customer and to receive instructions from the customer;

a network interface configured to communicate with a financial transaction network; and

a computer having a memory and operationally coupled with the display, the scanner, the magnetic card reader and the network interface wherein the computer is configured to:

receive the electronic representation of the paper coupon from the scanner;

receive an account identification from the magnetic

card reader;

direct the display to present a payment option in an amount determined from the electronic representation of the paper coupon;

receive a payment amount through the touch-screen display;

transmit a transfer request through the network interface; and

save transaction records in the memory, wherein the transaction records include an amount, a vendor and customer identification, and payment source identification.

14. The computerized transaction machine of claim 13, further comprising a printer operationally coupled with the computer and configured to provide transaction records to the customer.

15. The computerized transaction machine of claim 13, further comprising a cash acceptor configured to receive paper currency from the customer as payment against the paper coupon.